

I Know Where I'm Going (But Will My Cash Keep Up?)

PART TWO



NATIONAL ENDOWMENT FOR
FINANCIAL EDUCATION

Partnering for Financial Well-Being



The Annie E. Casey Foundation

©2002, National Endowment for Financial Education. All rights reserved.

The content areas in this material are believed to be current as of this printing, but, over time, legislative and regulatory changes, as well as new developments, may date this material.

Additional free copies of this guide are available from:
The Annie E. Casey Foundation • 701 St. Paul Street • Baltimore, MD 21201
1-410-547-6600 • 1-410-547-6624 fax • www.aecf.org

Table of Contents

Introduction I DESERVE A BETTER TOMORROW 2

Chapter 1 IS THERE MORE TO MONEY THAN SPENDING AND SAVING? . . . 4

I WANT MY MONEY TO BE AN OAK TREE—NOT A SAPLING!	5
WHAT'S UP WITH THIS 'INVESTING' THING?	5
ISN'T 'VALUING TIME' THE SAME AS THE 'TIME VALUE OF MONEY'?	6
I'VE HAD A COMPOUND FRACTURE, BUT NEVER A COMPOUND INTEREST . . .	6
WHAT'S TIME GOT TO DO WITH IT?	8
DO BANKS OFFER MORE THAN SAVINGS OR CHECKING ACCOUNTS?	10
<i>Money market funds</i>	10
<i>Certificates of deposit</i>	10
<i>Stocks</i>	11
<i>Bonds</i>	11
<i>Mutual funds</i>	11
I THINK I GOT IT NOW	12
CAN'T I JUST SAVE <u>OR</u> INVEST?	13

Chapter 2 I DON'T WANT TO BE A 'SHOPPING FOOL' 14

IF I SEE IT—I WANT IT!	15
<i>Targeting teenagers</i>	17
I CAN WIN THE ADVERTISING GAME	18
I'M A GOOD SHOPPER IF I ONLY BUY ON SALE—RIGHT?	19
<i>Phony 'sales'.</i>	20
I WANT TO KNOW EVERYTHING BEFORE I BUY!	20
I'M READY TO BE A SAVVY SHOPPER	21
<i>Stop!</i>	21
<i>Look</i>	21
<i>Listen</i>	22
I STILL DON'T GET WHAT'S WRONG WITH USING A CREDIT CARD	24
I STILL WANT WHAT I WANT	25

Chapter 3 DO I GET A JOB OR BANK ON THE LOTTERY? 26

I KNOW SCHOOL IS HARD, BUT IT'S MY JOB?	27
THERE CAN'T BE A CONNECTION BETWEEN MY CHORES AND A CAREER— CAN THERE?	28
I NEVER THOUGHT OF MY VOLUNTEER TIME AS A JOB	28

I HAVE TO DECIDE ABOUT A CAREER NOW?	30
<i>Evaluating your skills and interests</i>	31
<i>What does it mean?</i>	32
EMPLOYERS HAVE EXPECTATIONS OF <u>ME</u> ?	32
SHOW ME THE MONEY!	33
HOW CAN I GET READY FOR WORK?	34
WHO IS THIS FICA GUY AND WHY DOES HE GET SO MUCH OF MY MONEY?	34
<i>Kevin's surprise</i>	35
<u>HOW</u> LONG DO I HAVE TO WORK?	36
<i>Find out more</i>	37
SO HOW CAN I LEARN ABOUT CAREERS?	38
HOW WILL I KNOW IF I'M READY FOR THAT WORK WORLD?	39
ANOTHER TEST—YOU MUST BE KIDDING!	40

Chapter 4 WHY SHOULD I GIVE MY MONEY TO OTHERS? 42

I JUST LEARNED TO <u>SAVE</u> MONEY, NOW I HAVE TO SHARE IT?	44
<i>Where would you like to give?</i>	44
SHARING MY 'STUFF' IS REALLY GETTING PERSONAL	45
I HAVE TALENTS TO SHARE—REALLY?	46

Chapter 5 I'VE ALWAYS KEPT MY DREAMS TO MYSELF 48

<i>Profile: Jim Abbott</i>	49
<i>Profile: Wilma Rudolph</i>	50
I HAVE HEROES, TOO.	51
HOW CAN I LEARN MORE?	52

Acknowledgments 54

I Deserve a Better Tomorrow

“Obstacles are those frightful things you see when you take your eyes off your goal.”

—Henry Ford (1863-1947)



Now that you have completed Part One of *I Know Where I'm Going*, you're ready to move into Part Two. This guide will build upon the ideas of Part One, just as you build your life one step at a time. In this guide we'll explore such ideas as:

- ◆ why and how to save your money
- ◆ how to spend—wisely
- ◆ thinking about and preparing for a career
- ◆ why giving to others is really a gift to yourself

There are a lot of ideas in this guide and you'll need to spend some time thinking about them. Be patient with yourself. Remember, being “good” with money is a skill—and all skills are learned. But there's one very good reason for making the effort to develop money skills: money can help you get where you want to go.

Of course, right now, where you want to go could be to the pizza parlor. That's all right—for the moment. Besides, you'll need money skills to find a way to pay for that pizza. But as you move from chapter to chapter in this guide, try to think about where you want to go later on in life. Where will you live when you become independent? What kind of work do you want to do? What kind of education will you need to land that good job?

One day, you will be on your own and you will be deciding your future. If you learn to respect money now and to use it wisely, you can look forward to that future. You *can* have the education you want. You *can* have a stable life. You *can* be in charge. In short, putting money in its proper place can help you build a solid future—the kind of future you truly deserve.





Do I Get a Job or Bank on the Lottery?



Most people aren't born rich. They don't win the lottery or inherit a lot of money. Most of us get money the old-fashioned way: by working at one or more jobs. As you get older, you probably will think about jobs—now and in the future.

I KNOW SCHOOL IS HARD, BUT IT'S MY JOB?

Believe it or not, **your most important job right now is going to school.** The more you learn today, the more you will be able to earn tomorrow. **Education is the most important tool for getting ahead in life.** The skills we learn in school are valuable in all kinds of careers. That's why companies are willing to pay people who have these skills—and the degree to prove it—so much more than unskilled workers. Get the most out of school. Learning can really pay!



HOW MUCH CAN YOU EARN?

Consider these facts:

- ◆ If you graduate from high school you will make, on the average, 40% more than a person who doesn't have a high school diploma. (For example, when Tonya gets her first summer computer job after graduating from high school, she will make \$14 an hour instead of making \$10 an hour!)
- ◆ If you graduate from a vocational or technical school, you could earn about 80% more than a high school dropout.
- ◆ If you graduate from a four-year college, you could earn 75% more than a high school graduate and 250% times what a high school dropout earns. (Tonya could make \$17.50 an hour instead of \$10 an hour after getting her four-year college degree.)
- ◆ Who are some of the top earners? A person with a professional degree, such as a doctor or lawyer, earns about four times the salary that a high school graduate earns each year, and six times that of a high school dropout.



THERE CAN'T BE A CONNECTION BETWEEN MY CHORES AND A CAREER—CAN THERE?

You never know where things that you have to do now might lead later. Things you enjoy doing now could evolve into a career. For example, maybe you like taking care of your pets. You might want to consider becoming a veterinarian later on.

So, give yourself some credit and see what kind of work experience you already have.

- | | |
|--|--|
| <input type="checkbox"/> Mowing lawns | <input type="checkbox"/> Feeding pets |
| <input type="checkbox"/> Baby-sitting | <input type="checkbox"/> Cleaning house |
| <input type="checkbox"/> Watering flowers | <input type="checkbox"/> Weeding gardens |
| <input type="checkbox"/> Walking dogs | <input type="checkbox"/> Raking leaves |
| <input type="checkbox"/> Picking fruits and vegetables | <input type="checkbox"/> Cooking |
| <input type="checkbox"/> Fixing things that are broken | <input type="checkbox"/> Selling things at a yard sale |

What other kinds of work have you done? _____

I NEVER THOUGHT OF MY VOLUNTEER TIME AS A JOB

Believe it or not, the work you do as a volunteer teaches you good work skills. You may even get to “try out” a career field. After working as a volunteer and talking with people in that field, you’ll have a better idea if this is the kind of work you’d like to do. You also get to feel good because you’re giving your talents to improve the world.

Many nonprofit groups are eager to use young volunteers. Where can you volunteer? Consider these places:

- ◆ food banks and pantries
- ◆ animal shelters
- ◆ shelters for homeless people
- ◆ hospitals





Tim would like to be a physical education teacher someday. He is helping out one of the coaches at his school with after-school athletics to learn more about this career. What about you? Are there some careers that you would like to explore? Is there somewhere you could volunteer to learn more about your interests? For each career that you're interested in, fill in the sentences below and see what you come up with.

1. Of all the great jobs in the world, I am really interested in becoming _____
_____.
I could volunteer at _____ or
_____ to learn more about this career.

2. Of all the great jobs in the world, I am really interested in becoming _____
_____.
I could volunteer at _____ or
_____ to learn more about this career.

3. Of all the great jobs in the world, I am really interested in becoming _____
_____.
I could volunteer at _____ or
_____ to learn more about this career.



SUMMER JOBS FOR YOU AND YOUR FRIENDS

In your state, there may be summer work programs. These programs offer paid jobs while providing valuable training and experience. Some programs can even help you improve your reading, writing, and math skills. They could help you decide on a good career for the future.

To take part in these programs, you usually must be 14 years old or older. Check with your case worker or Independent Living coordinator to find out if your state offers these types of programs. They can help you find out what types of programs may be available near where you live.

I HAVE TO DECIDE ABOUT A CAREER NOW?

Don't worry, you still have time to decide what your career interests might be. But it never hurts to think about what it is that you would like to do. What kind of work sounds fun to you?



Evaluating your skills and interests

What are your talents and skills? Check all the activities below that definitely apply to you. They can help you discover what kinds of careers may be best for you.

Section A

- ☐ I like to draw, paint, or doodle
- ☐ I like to do jigsaw puzzles
- ☐ I enjoy doing mazes
- ☐ I am good at map reading

Section B

- ☐ I like to read
- ☐ I like word games like Scrabble®
- ☐ I enjoy telling jokes
- ☐ I love to learn new slang words

Section C

- ☐ I like doing math problems
- ☐ I like to work with numbers
- ☐ I enjoy watching science TV shows
- ☐ I like to take things apart

Section D

- ☐ I like to sing or play an instrument
- ☐ I like to listen to music
- ☐ I have a great CD collection
- ☐ I can create songs

Section E

- ☐ I like to build or make things
- ☐ I like regular exercise
- ☐ I play at least one sport
- ☐ I can juggle

Section F

- ☐ I like to meet new people
- ☐ I like to be part of a team
- ☐ I am a good listener
- ☐ I volunteer to help others

Section G

- ☐ I like to spend time alone
- ☐ I keep a journal
- ☐ I can concentrate on problems
- ☐ I think a lot about the future

Section H

- ☐ I like to care for plants and/or animals
- ☐ I recycle cans and newspapers
- ☐ I enjoy being outdoors
- ☐ I can name different plants or animals



What does it mean?

When you know what your talents are, it is easier to find a career that is right for you. Look at your answers. Each section describes the skills and abilities used in different careers. Find the sections where you had the most checks. Do any of these careers interest you? If so, circle them.

- ◆ Section A—photographer, interior designer, artist, architect, cartoonist
- ◆ Section B—lawyer, poet, newspaper reporter, editor, comedian
- ◆ Section C—accountant, computer programmer, banker, chemist, lab technician
- ◆ Section D—musician, singer, choir director, songwriter, disk jockey
- ◆ Section E—carpenter, surgeon, dental hygienist, auto mechanic, physical therapist
- ◆ Section F—teacher, social worker, coach, day-care worker, counselor
- ◆ Section G—mediator or judge, politician, priest, rabbi or minister, consultant, inventor
- ◆ Section H—forest ranger, fish and game warden, marine biologist, zookeeper, gardener

Knowing your talents and interests can help you pick a career that will be best for you. But don't forget to consider other factors as well. For example, you will need to think about the following:

- ◆ how much education you will need
- ◆ whether enough jobs are available in that field
- ◆ how much money you will be able to make in that field

Most people have between five and seven different kinds of jobs over the course of their lives, so you don't have to worry about choosing the “wrong job” or “wrong career.” You can always try a career out and then choose something else if it feels more right for you, or if your interests change.

EMPLOYERS HAVE EXPECTATIONS OF ME?

Taking on a job isn't easy. Of course you have to do the work, but employers look for other skills, too. Here are some skills that many employers value:

- ◆ being able to work well with others
- ◆ being able to solve problems and think creatively
- ◆ having technical skills (like knowing how to use computers well)
- ◆ having good communication skills (being able to talk, listen, and understand well)
- ◆ being willing and able to learn and accept responsibility
- ◆ having a good, well-rounded education





- ◆ being able to handle many different types of tasks and juggle them
- ◆ being honest and dependable
- ◆ having good reading, writing, and math skills

Remember, doing the work is only part of any job. You also have to show that you are committed to the work and to working well with others. A “can do” attitude can go a long way.

SHOW ME THE MONEY!

Do you know someone who got a job before the age of 14 or 15? That’s very rare. Federal law prohibits children under the age of 14 from being employed except for farm work or in a family business. Talk to some of your older friends about their jobs. Then talk to your foster parents, case worker, or other adult about job hunting.

What kinds of jobs do the older kids in your community have? _____

Who are the employers who are most likely to hire teenagers? _____

How much can you expect to earn per hour working at one of these jobs? _____

How many hours could you/would you expect to work a week? _____

What kinds of jobs did you write down? Did you include the following?

- ◆ fast-food restaurant worker
- ◆ grocery store bagger
- ◆ movie usher
- ◆ sales clerk

These are some common first jobs for teenagers.

Remember, when you are still in school, it’s important not to work too many hours.

First, figure out how many hours you need to do your school work and chores around the house. That will help you figure out how many hours you can reasonably spend at a job. Talk this over with your foster parents and make sure they agree with you. You also need to agree on how much of the money you earn you get to keep.

No one in middle or high school should work more than 10 to 15 hours a week during the school year. Remember, education is an investment in your future. It should always come first!

HOW CAN I GET READY FOR WORK?

Before you even think about applying for a job, you must have your “working papers.” Everyone who goes to work must have a **Social Security number**. You will be asked to write this nine-digit number (everyone’s is different) on all job applications. (This number is used by the government to keep track of the jobs you have held, the income you have made, and the taxes you have paid.)

You also may be asked to bring a copy of your **Social Security card**. This wallet-sized card comes from the Social Security Administration and has your number printed on it. To verify your age and place of birth, you may be asked for a certified copy of your **birth certificate**. A **work permit** may be necessary if you are under 17 years of age.

Which of the following do you have already?

	Have	Need to Get
My Social Security number	<input type="checkbox"/>	<input type="checkbox"/>
My Social Security card	<input type="checkbox"/>	<input type="checkbox"/>
A copy of my birth certificate	<input type="checkbox"/>	<input type="checkbox"/>
A work permit	<input type="checkbox"/>	<input type="checkbox"/>

If your Social Security card or birth certificate is lost, you may apply for a duplicate. Talk with your case worker about how to get a copy of these documents.

WHO IS THIS FICA GUY AND WHY DOES HE GET SO MUCH OF MY MONEY?

When you get paid for the first time, you may be surprised at what you see. Although you may have earned \$120 (working 20 hours at \$6 an hour), your paycheck will not be worth \$120. Do you know why? Your employer has to take a certain amount of money from your check. This is the law.

Money will be taken out of your check (or “deducted”) for federal and state taxes. One of the taxes is Social Security, which shows up on your paycheck as FICA. Money also may be taken out because you have to pay part of the cost of a health insurance plan. When you are older, money may be deducted because you are in a retirement plan. The list seems to go on and on.

The main point to remember is that your check will look smaller than you expected. The good news is that because you are young and still not making a lot of money, you’ll probably get most of the federal income tax money back when you file your tax return. As a teenager nearing adulthood, you get to deal with taxes now, too!

Cybermusic, Inc.

Total number of regular hours worked: 40

Hourly wage: \$6.00.

Overtime hours: 6

Overtime hourly wage: \$9.00

Employee:

Kevin Curtis

SSN: 000-11-0000

Pay Period: 6/9/01 to 6/15/01

Check No: 0006022

Hours/Earnings		O/T Regular	Overtime	Bonus	Other	Gross	Pay
Regular	40 hrs \$6.00	6 hrs	\$9.00	-	-	\$294.00	\$217.00
	\$240.00	\$54.00	\$294.				
Deductions		Federal	State	Health Insurance	Retirement	Other	Net Pay
FICA	\$22.00	\$41.00	\$14.00	-	-	-	\$217.00

Deductions are for:

FICA: \$22.00

Federal income taxes: \$41.00

State income taxes: \$14.00

Health Insurance and
Retirement Fund: none

Total gross: \$294.00
Total net: \$217.00

Kevin's surprise

Kevin got his first full-time summer job working at Cybermusic, Inc., making \$6 an hour. He was hired to work full time at 40 hours a week. Occasionally, he was asked to do overtime work at \$9 an hour. His first week was great. He clocked in 40 hours at regular pay and worked 6 hours of overtime. What a great way to start the summer! By the time Kevin's first paycheck came, he had already calculated he would have almost \$300. When he opened the check, he couldn't believe what he saw.

1. How much money did Kevin make for his regular 40 hours? _____
2. How much money did Kevin make for his six overtime hours? _____
3. What was the total amount of money Kevin made (this is called **gross pay**)?

4. How much money was deducted from Kevin's paycheck? _____
5. How much money was left after the deductions were made (this is called **net pay**)?

1. Kevin made \$240 for his regular 40 hours (40 hours x \$6/hour = \$240).
2. Kevin made \$54 for overtime pay (6 hours x \$9 = \$54).
3. The total amount that Kevin made was \$294 (\$240 + \$54 = \$294).
4. A total of \$77 was deducted from Kevin's paycheck (\$41 + \$22 + \$14 = \$77).
5. The total amount left after all the deductions were subtracted was \$217.

Answers:



LOOKING AHEAD

Here are some interesting facts about careers in the future.

- ◆ Jobs in the future will require more computer skills than those today.
- ◆ Workers entering today's work force will face five to seven career changes in their lifetimes.
- ◆ By 2005, careers in the health field and in the computer industry will offer the most new job opportunities.

HOW LONG DO I HAVE TO WORK?

You could be working some 40 to 50 years after you finish your education. That may sound like a long time to work in one career or in one company.

Well, the odds are that you probably won't stay in one job or with one company. Your life—and career—will change.

You probably already know how life can change quickly. That can be a hard lesson.

But change happens—even in careers. Over time, you will need to change—or at least update—your skills.

This kind of change can be fun. You will get the chance to learn something new and maybe find a new interest. It may sound odd, but “change is a constant.” It's really up to you whether the changes you make—or those that just happen—are good or bad. If you keep an open mind, change can mean growth and adventure.



Find out more

Pick two careers and get more information. Talk to your friends, family, teachers, neighbors, and other adults that you trust and respect. Ask a teacher to help you find out more about these careers.

	Career #1:	Career #2:
What exactly do people in this career do?		
What education is required beyond high school? How long will it take?		
What schools could you attend to prepare for this career?		
Would you need to buy special tools or equipment?		
How much could you expect to earn each year?		
Who do you know with a career like this?		
Why do you think this would be a good career for you?	1. 2. 3.	1. 2. 3.



SO HOW CAN I LEARN ABOUT CAREERS?

- ◆ If there is a teacher, guidance counselor, case worker, child advocate, or relative you like and respect, talk to them about your career interests.
- ◆ Ask your school guidance counselor about taking a career assessment. It is not a test. It will help you find a career that is right for you.
- ◆ Go on-line to find out more about all of your career interests.
- ◆ Talk to people who work in the career that interests you. See if you can spend a few hours with them at their job. Find out how to best prepare for a career in this field.
- ◆ Keep learning. Take every opportunity to learn new things, like computer skills.
- ◆ Consider volunteering for organizations working in the fields you are interested in for careers.

HOW WILL I KNOW IF I'M READY FOR THAT WORK WORLD?

How prepared are you for the world of work? Check everything that applies to you.

- ☐ I earn money now by doing things like baby-sitting, yard work, caring for pets and plants, or other jobs (fill in) _____.
- ☐ I volunteer or have looked into volunteer jobs I could do.
- ☐ I have thought about the kind of work I can do in the next few years.
- ☐ I know someone who can help me find a job when I'm older.
- ☐ I know my Social Security number.
- ☐ I have a copy of my Social Security card.
- ☐ I have a copy of my birth certificate.
- ☐ I know what my talents and skills are.
- ☐ I have activities during or after school that build on my talents and skills.
- ☐ I have someone to help me with school subjects that I don't like.
- ☐ I have access to a computer at home, school, or the public library.
- ☐ I know how to use the computer to play games or do school work.
- ☐ I have used the Internet to research information for a school project.
- ☐ I have already chosen a career.
- ☐ I have talked with someone about my career interest.
- ☐ I have someone at school who can help me find out more about my career.

Now, go back and circle things you haven't done yet but are willing to do. Then, next to the statement, write a date by which you will complete that activity.



ANOTHER TEST—YOU MUST BE KIDDING!

Read this story and fill in the blanks using the best word listed at the bottom.

Rosa wants to be a lawyer when she grows up. Even though she is only 15 years old, she already knows what she wants to do for her career. When Rosa was 13 years old, she began _____ at the Legal Aid Society on Saturday mornings. She and her foster mother would go to the Legal Aid Society and put together packets of information. That way, when someone called Legal Aid to find out about their services, one of these packets was all prepared and ready to be sent out in the mail.

When Rosa turned 15 years old this past summer, she got her first paying job at Legal Aid. She was hired to clerk and file papers for the eight lawyers in the office. She really enjoyed this work because she got to talk to lawyers about what it is like to be a lawyer. Her job was a 30-hour a week job and she was paid \$6 an hour. The first week, Rosa made \$180, which was her _____ pay. Deductions were taken out for _____ income tax, _____ income tax and _____. After all the deductions were taken out, Rosa received a check for \$147. That was her _____ pay.

Word Choices:

Internal Revenue Service working gross references earning FICA net county federal city state volunteering

Answers:
volunteering, gross, federal, state, FICA, net
OR volunteering, gross, federal, state, FICA, net

Getting a good job is important, and that's why it's important to focus on your education now. The best jobs go to well-educated workers. Still, when you feel you can balance school and a part-time job, look for jobs that use your skills. Find out what you like and don't like about certain jobs. Then you'll make a better career decision when the time is right!



Congratulations! You have seen how education is important for future earnings, you have begun to think about career options, and to identify skills that you have and companies want. You are on the road to a successful future.

Chapter 3, Do I Get a Job or Bank on the Lottery?, completed (date)

I did all the exercises and answered all the questions in Chapter 3.

By (sign your name) _____

Caregiver signature _____

It's almost over. Move on to Chapter 4!